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DISSERTATION

Forecasting the Future of Iran

Implications for U.S. Strategy
and Policy

Eric Jesse

This document was submitted as a dissertation in August 2011 in partial fulfillment of the requirements of the doctoral degree in public policy analysis at the Pardee RAND Graduate School. The faculty committee that supervised and approved the dissertation consisted of Eric Larson (Chair), Jerrold Green, and Carolyn Wong.



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Executive Summary

Strained relations between the US and Iran have persisted for more than three decades. Iran's potential influence on US interests in Afghanistan and Iraq, and stability in the broader Middle East, make informed US strategy vis-à-vis Iran critical. This study looked at 12 issues that will shape US-Iran relations: three political issues, four economic and civil society issues, and five foreign policy and national security issues, and forecast how each issue was likely to develop in the next three to five years. The study used sensitivity analysis to explore the effects that changes in US policy, the Supreme Leader, Iran's President, and the Islamic Revolutionary Guard Corps (IRGC) could have on Iran's policy development. With this knowledge, the range of US policy responses were reviewed, and it was concluded that additional US effort would be best employed seeking to expand diplomatic communication over Afghanistan and Iraq.

The issue forecasts were produced using an Agent Based Rational Choice (ABRC) model guided by Expected Utility (EU) theory, with data collected in January 2011. By using a general model the analysis reduces the introduction of biases and error by focusing on expert input, ignoring the unique or special features of the Iranian situation. This strength of the modeling approach will be the flaw some may point to as this study's major shortcoming; however, the model class used here, when applied to situations exactly like this, according to both CIA and independent studies, is accurate at upwards of 90 percent, and twice as accurate as area expert forecasts (Feder 1987; Mesquita 2009). Below are summaries of the 12 issue forecasts:

Political Issues

- President Ahmadinejad will remain influential in Iran and will see only a slight reduction in power prior until his second Presidential term ends naturally in 2013.
- Iran's next Supreme Leader is likely to be only slightly more moderate than Supreme Leader Khamenei. Ayatollahs Rafsanjani and Shahroudi are currently the strongest candidates, with Shahroudi being favored over Rafsanjani.
- The current system of *velayat-e faqih* appears stable, and further conservative shifts in the system as seen in the aftermath of the 2009 presidential election are unlikely.

Economic and Civil Society Issues

- There is substantial pressure for economic reform in Iran, which has only been partially met by the reforms introduced in January 2011 (which occurred after data collection for this study ended).
- The IRGC's influence appears unlikely to grow significantly in the next few years, and may even diminish.
- The influence of Iran's *bonyads* will likely hold constant or grow slightly in the coming years.
- Recent setbacks experienced by the women's movement in Iran are likely to be short-lived and completely reversed within the next few years.

Foreign Policy and National Security Issues

- US-Iran relations will continue to remain primarily informal and halting.

- Iran will not submit to full IAEA compliance, but is unlikely to restart its nuclear weapons program unless there are significant changes to Iran's internal calculus.
- Iran will develop a strategic relationship with Iraq that will not be destabilizing to or compromise the new Iraq government. Domestic and international pressure will prevent the nations from developing the closer alliance sought by Iran's leaders.
- In Afghanistan, Iran's relations will be less influential than in Iraq, and will be focused on stability and economic opportunities.
- Iran's relations towards Israel are unlikely to change. Iran will continue its calculated rhetoric, antagonizing Israel and supporting the Palestinians while avoiding direct confrontation.

The conclusions from the sensitivity analysis that explored the influence of the US, the Supreme Leader, Iran's President, and the IRGC are:

- Waiting for a turnover in leadership is a game both the US and Iran are playing to lose. Both nations need to realize and accept that national outlooks are evolving gradually and are not dictated solely by the personalities of their incumbent leaders. Neither nation benefits from maintaining strained relations, nor remaining staunchly entrenched in its own position vis-à-vis the other.
- A new Supreme Leader coming to power probably will be a fortuitous event for the US, likely leading to modest improvements across a broad range of issues, but the differences between Iran's next Supreme Leader and Khamenei are likely to be subtle. However, the fate of Iran's nuclear program lies with the Supreme Leader, and a new Supreme Leader, even if he half as influential as Khamenei, could restart Iran's weapons program.
- Ahmadinejad's rhetoric colors Iran's foreign relations, but his influence does not weigh heavily on the course of Iran's foreign policy. A new president with a more pragmatic outlook could lead to slight improvements on many issues, but the biggest benefit would be the opportunity to engage with a less strident personality.
- The IRGC is not dominating Iranian policy decisions. Even significant growth in the organization's power and conservatism would do little to affect the current character of Iran. Thus, US fears of a radicalizing religious and militant Iran are likely misplaced. Moreover, the IRGC is a key element of the conservative block, and if the IRGC's influence diminished, it could enable Iran's more progressive elements to begin making inroads.